

Town Meeting

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BULLETIN OF AMERICA'S TOWN MEETING OF THE AIR

BROADCAST BY STATIONS OF THE AMERICAN BROADCASTING CO.

DECEMBER 13, 1945



Can We Have Higher Wages Without Higher Prices?

Moderator, GEORGE V. DENNY, JR.

Speakers

CHESTER BOWLES

KENNETH S. WHERRY

CHASE GOING WOODHOUSE

HENRY POPE, JR.

(See also page 12)

COMING

—December 20, 1945—

Should Colonial Empires Be Liquidated?

—December 27, 1945—

What Should Be Our Policy in China?

Published by THE TOWN HALL, Inc., New York 18, N.Y.

VOLUME 11, NUMBER 33



\$4.50 A YEAR : 10c A COPY



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The account of the meeting reported in this Bulletin was transcribed from recordings made of the actual broadcast and represents the exact content of the meeting as nearly as such mechanism permits. The publishers and printer are not responsible for the statements of the speakers or the points of view presented.

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The Broadcast of December 13, 1945, originated in New York City, from 8:30 to 9:30 p.m., E.S.T., over the American Broadcasting Company Network.

Town Meeting is published by The Town Hall, Inc., Town Meeting Publication Office: 400 S. Front Street, Columbus 15, Ohio. Send subscriptions to Town Hall, 123 West 43rd St., New York 18, N.Y. Subscription price, \$4.50 a year 10c a copy. Entered as second-class matter, May 9, 1942, at the Post Office at Columbus Ohio, under the Act of March 3, 1897.

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BULLETIN OF AMERICA'S TOWN MEETING OF THE AIR

GEORGE V. DENNY, JR., MODERATOR



DECEMBER 13, 1945

VOL. 11, No. 33

Can We Have Higher Wages Without Higher Prices?

Announcer:

Town Hall and American Broadcasting Company welcome you to the 400th session of America's Town Meeting, the program that gives both sides of issues affecting your pocketbook and mine. Tonight here in Town Hall, New York, four authorities clash over the question, "Can We Have Higher Wages Without Higher Prices?"

To open this important session, here is the president of Town Hall, founder and moderator of America's Town Meeting, Mr. George V. Denny, Jr. Mr. Denny. *(Applause.)*

Moderator Denny:

Good evening, neighbors. This is League of Women Voters night on America's Town Meeting. Through the cooperation of the nationwide organization of the League of Women Voters, several hundred discussion groups and

thousands of members of this great organization are participating in tonight's discussion.

Tonight's question, as most of you know, is at the very heart of the tremendous controversy now raging between labor and management. In most cases, labor is demanding higher wages without increasing prices.

Judging by the many excellent questions you have sent in, our radio audience is pretty well divided on this subject. For instance, Mr. Harry J. Wiley of Bethel, Connecticut, writes and asks this question, "If a man who mows my lawn for 50 cents an hour raises his wages to a dollar an hour, doesn't that increase the price of lawn mowing?" Yet if Mr. Wiley happened to own a hot dog stand along the highway near Bethel, Connecticut, and because of the removal of gas rationing he was able to double his busi-

ness without hiring more help, Mr. Wiley knows that he could pay his labor more wages and still have more profits for himself. So there is the dilemma in its simplest terms.

But suppose Mr. Wiley was the president of the United Steel or General Motors or Bear Brand Hosiery? Or if he were a worker on the production line of the Ford Motor Company or in the Yale and Towne Factory, or on a movie lot in Hollywood, how would he answer tonight's question, "Can we have higher wages without higher prices?"

Mr. Chester Bowles, administrator of the Office of Price Administration, and Mrs. Chase Going Woodhouse, Democratic Congresswoman from Connecticut, believe we can follow a policy of higher wages without increasing prices.

Senator Kenneth Wherry, Republican of Nebraska, and Mr. Henry Pope, Jr., president of the Bear Brand Hosiery Company of Chicago, see danger in this policy and take the negative on tonight's discussion. So may we hear first from the administrator of the OPA, Mr. Chester Bowles himself. Mr. Bowles. (*Applause.*)

Mr. Bowles:

First of all, let's get clear about prices. Right now, above everything else, the present line on prices and rent must be maintained. Retail food prices must not be al-

lowed to go up. Rents must not be allowed to go up. The average price of apparel, automobiles, refrigerators, and a thousand and one other items essential to our daily living must be firmly held.

Inflationary forces are at an all-time peak. If we retreat, we shall face economic disaster. I want to make it perfectly clear that I, as price administrator, haven't the slightest intention of retreating. That's out. (*Applause.*)

Now let's talk about wages and their relation to prices. If the question we are discussing tonight means can there be a general increase in wages and salaries and farm income over the years ahead without an increase in the general level of prices, my answer is an emphatic "Yes" without any strings on it. As I shall point out, that is the answer you can draw from the whole history of American enterprise.

But if tonight's question means can every industry and every firm raise wages and salaries tomorrow without raising the average level of prices to the consumer, then I am equally sure that my answer must be "No."

Many firms could raise wages now, many have raised wages, but it is not every firm that can. The theory that prices generally must increase as wages increase is demonstrably false. In 1919, our industrial workers earned on the average only 47 cents an hour. To-

day the average is 99 cents an hour—more than twice the 1919 figure. Yet the average prices we are now paying in the stores is just about the same as it was 26 years ago.

Has this bankrupted American business? Obviously it hasn't. Corporation profits before taxes last year were three times what they were in 1919. Nor do we have to go back 25 years for proof of the steady increase in the purchasing power of our people.

Let's look at the years just before the war. In 1935, you paid, on the average, \$24.50 for a table model radio. During the following six years the quality of the set was vastly improved, in addition to price decrease by 4 per cent. During that same time, wages paid to workers in the radio factories actually went up 15 per cent.

The example of the electric refrigerator is even more dramatic. In 1935, the price of an average standard make was \$195. By March, 1941, six years later, a greatly improved product sold for \$22.50 less. Did wage rates in the refrigerator industry go down? On the contrary they rose almost 25 per cent. Profits also rose substantially.

The whole pre-war history of American business is crammed with examples like this. During the war we have accumulated still further evidence. How have our busi-

nessmen been able to consistently raise wages, to maintain the same or even lower prices, and to increase their profits?

There are two reasons. First, before the war we had a steady increase of the amount of work turned out by each worker for every hour of effort. This was due to increased labor skill, more modern machinery, and to more efficient management.

Second, steadily increasing volume results in lower production and selling cost for each unit. Will these factors disappear in the future? Very definitely they will not. On the contrary, we can expect a steady increase in labor efficiency. We can look forward to amazing advances in technological methods and procedures developed during the war. In addition, we can count on the greatest volume of production and sales in our entire economic history. There's no question about it. Production costs in most industries will be reduced in 1946. These savings can be distributed to the stockholders in bigger dividends, they can be passed on to the workers in higher wages, or they can be divided some way between the two. The President's wage-price policy recognizes, first of all, the need for licking inflation. That means holding the average level of rents and prices right about where it is today.

But the President goes further. He points to the need for fair divi-

sion of the fruits of industrial production. He urges labor and management to share fairly the increased income which many industries will receive in 1946. He states that only by collective bargaining can industry and labor promptly decide when increased wages can and should be granted and how large those increases should be.

I think this is a sensible procedure. It recognizes that inflationary prices which we are fighting now are at an all-time high. It recognizes that right now the greatest single insurance for sound and sustained prosperity is to keep rents and prices from going through the roof. It also recognizes the fact that while many manufacturers can increase wages under our present prices, others cannot.

Every farmer in America, every merchant and every businessman in America, as well as every worker in America, has a tremendous stake in the success of this policy. Only by constantly increasing the pay checks of our tens of millions of workers during the next few years can we maintain a high farm income, steady profits for our businessmen, and a high level of prosperity for all of us.

Only by maintaining a tight grip on the cost of living until production increases and supply comes in line with demand, can we avoid the immediate disaster of inflation. That's the part of the job

the President and Congress has assigned to OPA—holding the line on prices and rents. It's not an easy job, but I can assure you that we shall stick it out. (*Applause.*)

Moderator Denny:

Thank you, Chester Bowles. Now here's Senator Wherry to present the other side of the case. The distinguished Republican Senator from Nebraska, Senator Kenneth Wherry. (*Applause.*)

Senator Wherry:

Mr. Chairman, fellow Americans. I agree with all of that part of the statement of the Price Administrator where he said that, with full production, you could increase wages without increasing prices and that, if anything, the prices would go down. He proved it by giving the record of the automobile industry, the refrigerator industry, the washing machine industry, prior to the war. But I want this audience to know and the audience over the air that that was pre-Bowles days, when you operated under a competitive, free enterprise system (*applause*), and we're operating today under a price-control program that does not permit full production of all of these industries. (*Applause.*)

Now you'll be interested to know Mr. Bowles' answer to this question of whether or not we can increase wages without increasing prices—his answer made before the Senate Small Business Committee

last week when I interrogated him. I asked Mr. Bowles, "Can you increase wages without increasing ceiling prices?" and Mr. Bowles replied, "In some areas, yes." I agree with him on that.

He was then asked, "In the main—in the main—can you do it?" and his answer was, "In the main, it depends upon your industry." And I agree with him on that.

Then I said, "Mr. Bowles, about what percentage of all industry would you say can increase wages without increasing ceiling prices?" If this debate means anything, why we want an answer to that question.

"Well," Mr. Bowles replied, "I have no idea. I have no idea." Out of the corner of his mouth he said "Yes," but when pinned down on the other corner, he said, "I don't know, I have no idea." (*Applause.*)

In the face of the Administration's policy to increase wages without increasing prices, the Price Administrator who controls the economy of 140 million people says he doesn't know whether you can increase prices without increasing wages.

Now, furthermore, Mr. Bowles knows that price rises are inevitable. He knows that. In order to get even limited production of the following items: coal, steel, brick, cement, lumber, radios, motors, textile fabrics, milk, meat, and many others, he was forced to in-

crease prices in order to pay higher wages to get production.

Only last Sunday Mr. Bowles announced an incentive program of an increase of 20 per cent to producers of clothing, to meet wage increases to get production. Isn't that true? (*Laughter.*) It's a UP report—I've got it in my file, and, to climax it all, yesterday the Price Administrator announced an increase in price of rentals of 20 per cent to meet wage increases for construction material costs. Isn't that true? (*Laughter.*) Why Mr. Bowles' position contradicts that price increases already allowed cannot be made to increase wages unless you raise the prices.

One merchant says to me, "Why the \$2 dress has not disappeared. We now sell it for \$10 with a new button." (*Laughter.*)

Here's a little dress that I bought this afternoon. There's a little cotton dress—I didn't buy it, a man bought it for me this afternoon in New York. It cost \$76—a little cotton dress, mostly machine made. I want you to come up and examine it after this show. (*Laughter.*) I have some other examples. (*Laughter.*)

Moderator Denny:

It's too bad we haven't got television here, Senator. (*Laughter.*) Will you look here! Ha! Ha! Look at the slip. He's got a beautiful pink slip here. (*Laughter.*)

Senator Wherry:

Look at the front. Look at the front panel—all embroidered, lot of quality, lot of room. What does it say? A lot of tailoring on it. It's a 22-by-90 thread, whatever that is. Now this man under an MPA order—he wanted to make it at \$1.26½—the MPA price was \$1.10. It would have retailed at \$1.95 and the man had to go out of business because he couldn't make the slip under the controlled price system of Chester Bowles.

Here's what comes in its place—a substitution article. (*Laughter.*) Here it is, no front panels. You can't tell the front from the back. (*Laughter.*) What's the ceiling on this? This new man can make this for \$2.40 and he can sell it for \$3.95, and that's the kind of sacks that Chester Bowles is hanging upon the women of the United States of America. (*Applause.*)

Look at this. Look here. Look at this suit for your little kiddie. There's a suit that a man in Mississippi could make four million copies of 'em. The old price was 71 cents and he wanted 93 cents. It would retail at \$1.29. He went out of business. We lost the production of four million suits. Just look at it—a nice collar, a nice little jumper for your baby boy. But here's what comes in. Here, this ceiling was \$1.25. It sells for \$1.95. Look at the difference. It isn't half as good. This is what you get under Mr. Bowles' admin-

istration of a controlled program of production. (*Applause.*)

Moderator Denny:

Senator Wherry has held up to the audience here at Town Hall the products illustrating what he was talking about, and that's what all the laughter was about. Go ahead, Senator.

Senator Wherry:

Now we have another exhibit. I haven't got it with me but it's screen cloth. In order to get the ceiling requirements—and I've got the order in my pocket today; it was just issued yesterday by the Office of Price Administration—in order to cheapen the material by substitutions, they've permitted a 16 by 16 screen mesh now to be made as the new number on an 18 by 14 mesh, cheapening up the material. The size of hole is so large that a mosquito could go through it sideways, in order to sell it as an inferior product at a higher price. And a strange thing—why the Administrator always does it the hard way—they have now taken the ceiling off of DDT and you'll sure need it next summer, Mr. Bowles, with a mesh 14 by 18, that's sold as an inferior product. (*Laughter and applause.*)

Moderator Denny:

Senator, you've talked six and a half minutes. I think we'd better let the others come in now. Without reference to the argument at all, you've given us more fun than

we've had on Town Meeting program in a long time. I just wish there were television. We're going to have a television show here two weeks from tonight. He had two beautiful slips up here he was showing off.

Now it's my pleasure to present the lady on the program, Congresswoman or Congressman, whatever your taste happens to be, Mrs. Chase Going Woodhouse, a member of the League of Women Voters, who supports Mr. Bowles' view on tonight's question that we can have higher wages without higher prices. I take pleasure in presenting Mrs. Woodhouse. (*Applause.*)

Mrs. Woodhouse:

I didn't bring a display of either my own or my children's clothes with me this evening (*applause*), but I do remember very distinctly that the consumers of this country wanted quality control when the OPA law was passed, and that Senator Wherry was one of the gentlemen who voted against having anything in the way of quality control by the OPA. (*Applause.*)

I should also like to point out in this connection of our discussion tonight that the textile industry is one of our very lowest paid industries in this country. It is not the high wages, ladies and gentlemen, that are bringing this type of material on the market. (*Applause.*)

I hope, also, that you noticed in this morning's paper that it's necessary for four government departments to go after the Black Market in garments. (*Applause.*) That is an indictment of the patriotism of the American people, and I do not think it worthy of the country that calls itself a democracy and that swears by its free enterprise system.

Senator Wherry says that we must have increased production if we are to have higher wages without higher prices. I wonder if he has lost faith in the American people, because, if you take our history, you will find that the key to our economic system, that the key to our prosperity and development in this country, has been our productive genius and the fact that we have constantly increased our production, that we have constantly through the years of our history lowered our prices, and that we have constantly through the years of our history increased our wages and their buying power.

I believe that we are just starting and that we're going on to more goods, lower prices, better wages, and a higher standard of living. I believe in the future. I'm not worried about the difficulties of the present. If we will fight wars, ladies and gentlemen, we will have to go through the inconveniences, to say the least, of a reconversion period. (*Applause.*)

If we'll be good sports, if we will unite and work together for peace, as we united and worked together for war, we can do just as good a job. The production of the United States during war was something that has made the world gasp. It was a magnificent performance. It was a performance put on by management and labor and the general public combined. What we've done once, we can do again, and we will do it.

Volume production is the answer. We must have great production. Now, what is it that is going to make it possible for us to continue to have great production? It's purchasing power in the hands of the great masses of people. (*Applause.*)

Good wages are the best insurance of a steady market for both the manufacturer and the farmer. But let's look at what's actually happening today. All over the country pay envelopes are getting thinner and thinner. The change from the 48-hour to the 40-hour week means 25 per cent less in the pay envelope.

The United States Employment Service tells me that if the men and women applying to them for work were to take the jobs offered them, they would have to accept a cut in wages running from 35 to 50 per cent for the men, and, I'm sorry to add, from 50 to 60 per cent for the women.

If you had to support your family with your pay envelope cut

by a third or a half, what would you do? You'd stop buying everything but the things that you simply have to have and the whole nation's pay envelope is going down.

The Bureau of Agriculture and Economics estimates that the next year, because of the decrease in wages, farm incomes will fall by 15 per cent, and while workers and farmers are facing shrinking incomes, what is happening to business? Business is enjoying phenomenal prosperity — not as much as it might have if the lid were taken off of all prices, but it's enjoying phenomenal prosperity, and, with the elimination of the excess profits tax, business profits, after taxes, next year are going to be higher than they were any year during the war. That is an estimate from the United States Treasury.

Now, of course, industry can keep going for awhile, even if wages are cut, because there is a great backlog of demand. But I'm convinced that if the pay envelopes go down as they have been that the housewives of the United States are not going to dip into their savings to buy the refrigerators and the nylons and all these other things that they've been wanting. They'd rather buy security for their families and they will.

Remember that the consumer is the wage earner's wife and if she stops buying—if she can't buy—

business can't sell, and if business can't sell, business can't make profits. We must maintain wages if we're to maintain production.

Mr. Bowles has shown us very clearly that prices can be held. Prices have gone up but don't forget, the cost of living in this war has gone up only 33 per cent in contrast to some 85 per cent in our last war. If we will fight wars, let me say again, we've got to pay for them.

Without question there is leeway in many industries which would enable wages to be increased without prices. We must have higher wages without higher prices because we must have production and we must have employment. Employment in the United States is the key to peace in the world and that is something worth fighting for. (*Applause.*)

Moderator Denny:

Thank you, Congressman Woodhouse. Now, Senator Wherry has a staunch supporter in Mr. Henry J. Pope, Jr., the president of the Bear Brand Hosiery Company of Chicago and the member of the Illinois Manufacturer's Association. Mr. Pope, you haven't got any exhibits with you here tonight? (*Laughter.*) Then I don't need to stand by. Mr. Pope. (*Applause.*)

Mr. Pope:

Generalities and theories are fine, Mrs. Woodhouse, but it seems only fair to those who really pay the

bill—the American consuming public—that we on this program give them the low-down. If wages generally increase, prices are going to increase, and you, the consumer, can just bet on that. (*Applause.*)

All the statisticians in Washington and all the wishful thinking on this platform are not going to change the proposition. If wages go up, prices will go up.

Now, let's look at the facts.

1. In the fiscal year 1944, only 14½ per cent of the corporations that filed tax returns paid an excess profits tax. These figures show clearly that, contrary to the general belief, the great majority of corporations—over 85 per cent of them—did not earn sufficient profits to pay an excess profits tax. Besides, nearly 50 per cent of them paid no tax at all—they had no earnings in 1944.

2. It is easy to make the mistake of believing that the tremendous experiences of war have changed the entire structure of business because some industries are busy turning out airplanes or loading shells. Actually, your mining industries, your lumber industries, your food industries, transportation, textiles, and the others, are producing the same today as they produced during the war but with an outlook towards decreased rather than increased production. War is industry's most voracious customer. War is now over. Industry's peacetime customer, the shrewd Amer-

THE SPEAKERS' COLUMN

KENNETH SPICER WHERRY—A Republican from Nebraska, Kenneth Wherry was elected to the United States Senate for the term 1943-49. Born in Liberty, Nebraska, in 1892, Senator Wherry has a B.A. from the University of Nebraska and has also studied at Harvard. During World War I, he served in the U. S. Naval Flying Corps.

In 1915, Mr. Wherry became a partner in Wherry Brothers, which was established in Pawnee City in 1892. He soon established branches in Wymore and Humboldt, operating the former from 1915 to 1935 and the later from 1915 to 1926. From 1918 to 1930, he was a dealer in autos, implements, furniture and live-stock. He has been a licensed embalmer and undertaker for the past twenty years. He has been a leader in promoting annual fairs and stock shows, and since 1927, has been president of the Pawnee County Agricultural Society. Senator Wherry has been a councilman and mayor of Pawnee City, and has been active for many years in state and federal political circles.

CHASE GOING WOODHOUSE—Mrs. Woodhouse, Democrat, was elected Congresswoman from Connecticut in November, 1944. She has her A.B. and A.M. degrees from McGill University and has also studied at the University of Berlin and at the University of Chicago. She has been a professor of economics at Smith College and at summer sessions of Teachers College, Columbia University; University of Texas; University of Iowa; University of Oregon, and Vassar. From 1925 to

1928, Mrs. Woodhouse was senior economist in the Bureau of Home Economics of the U. S. Department of Agriculture.

From 1928 to 1934, Mrs. Woodhouse was director of personnel of Woman's College of the University of North Carolina. Since 1934, she has been a professor of economics at Connecticut College. Mrs. Woodhouse was a consultant for the War Manpower Commission and associate State Administrator of the War Finance Committee in Connecticut. She is the author of several books and magazine articles on women's work and education.

CHESTER BOWLES—Chester Bowles has been Director of the Office of Price Administration since July, 1943. He was born in Springfield, Massachusetts, in 1901, and has his B.Sc. degree from Yale.

From 1925 to 1929, Chester Bowles was employed in the copy department of the George Patten Company. In June, 1929, with William B. Benton, he helped to found the advertising firm of Benton & Bowles. From 1936 to 1941 he was chairman of the firm, leaving in December, 1941, to become Rationing Administrator for the State of Connecticut. He was appointed State Director of the Office of Price Administration in May, 1942, and in July, 1943, he became general manager of the National OPA.

HENRY POPE, JR.—President of Bear Brand Hosiery Company, Henry Pope, Jr., is also a member of the Illinois Manufacturing Association.

ican buyer, doesn't have to over-buy in wasteful quantities and regardless of cost as the Government must in wartimes.

3. Mr. Bowles stated that American ingenuity has made it possible to continue to increase wages and reduce prices. He is right. The amazing fact is that industry isn't completely throttled today in face of the following facts: During 1944, the average labor cost per unit of manufactured products was 39 per cent greater than 1939. Besides raw materials have increased over 60 per cent in price to the manufacturer during that period. The manufacturer's prices, in turn, were held down and increased less than 25 per cent since 1939.

Obviously, industry today, with frozen prices and increased cost, has been extremely ingenious—to be able to produce anything.

4. All companies are caught in the present inflation. Their working capital is being reduced day by day as the dollar depreciates. If industry is to survive, a sufficient profit is essential for the purchase of new equipment and replacement of plant and maintenance.

The President in his speech of October 30, 1945, clearly points out that there are limits to the capacity of industry to raise wages without price increases. Let us analyze the five reasons given by the President why wages can be increased by some companies without price increases. The President's first rea-

son: Lower cost to employers through elimination of time and one-half. We all know, Mr. Bowles, a large proportion of the companies that worked 48 or 45 hours during the war are continuing to work 48 or 45 hours today. Even where they did reduce hours, there is very limited advantage to the manufacturer in reduced cost. For example, a 48-hour week at a dollar per hour plus overtime costs the employer \$52 per week, or a \$1.08 for each hour worked. If the 40-hour week be adopted, the cost would be \$40 a week or one dollar for each hour worked. While there would be a 25 per cent decrease in take-home pay, there is not even an 8-cent an hour advantage to the manufacturer because all overhead costs such as fixed salaries, maintenance, insurance, depreciation, selling expenses, etc., heretofore carried on a 48-hour week must be carried on 40 hours. Obviously, overhead cost per hour increases as the number of hours worked decreases.

Second reason: Lower cost to employers through downward reclassification of jobs. In my opinion, in the great majority of plants there has been no downward reclassification of jobs. Factories practically entirely are producing today the same type of products as they produced during the war and are not down-graded.

Third reason: Lower manufacturing costs through increased output

through improvements in machinery and manufacturing know-how. On all sides, we hear that employees have let down and are producing less per hour. As to improvements in machinery and manufacturing know-how developed during the war, the average small plant, at least, is not able to take advantage of most of these developments. An expensive machine for war production, for war quantity, does not necessarily fit into the budget or the production facilities of manufacturers in their normal line of business.

As to the know-how developed in the war, I don't suppose there has ever been such expensive production per unit considering the huge quantities. The know-how of war is to know how to produce the most, the quickest, regardless of cost, regardless of competition, and regardless of market. This know-how is of no value in peacetime.

Fourth reason: Lower manufacturing costs because business is in a very favorable profit condition today with an excellent prospect for the period that lies ahead. Over 85 per cent of the corporations did not earn excess profits during 1944. Moreover, nearly 50 per cent paid no federal income taxes in '44. With a reduced profit margin facing business and a near-majority having actually lost money in the war year '44, even granting a large market the profit outlook can

hardly be construed to offer excellent prospects for most business.

Fifth reason: Relief to the employer through elimination of the excess profits tax, and a provision for recapturing excess profits paid during the past two years. The elimination of the excess profits can only affect the 14 per cent who paid them. Over 85 per cent did not enjoy excess profits. We are all interested in an increasingly higher standard of living, simply more of the world's goods for all of us. This can be accomplished in only one way, by producing more of the world's goods, and industry can produce these goods for all of us. I have utmost confidence that with free labor and free industry this higher standard of living will be reached. (*Applause.*)

Moderator Denny:

Thank you, very much, Mr. Pope. Now, Mr. Bowles, will you and Mrs. Woodhouse and Senator Wherry come up on this side, please. I'll keep you and Mr. Bowles separated here for a little while. Mr. Bowles, we haven't heard from you for a while. Would you like to start the discussion here? We have just a few minutes.

Mr. Bowles: Well, I'd like to say that I think Ken Wherry is a great comedian and he put on a very swell circus. (*Applause.*) I'd also like to make it very clear that ever since I've known him

I've rarely found anything I ever agreed with him on and price and rent control is certainly not among them. He's voted against price control in the amendments, and I just wonder where in the world your rents and prices would be if his votes had carried through. (*Applause and cheers.*)

Let me be explicit. In the last two years, he's voted for amendments which would have increased the cost of living and rents by an estimated 15 per cent per year which would have meant 75 billion dollars more on the national debt if he had had his way.

But let's get at the facts on production. According to Senator Wherry, we're not getting production and we haven't had it. On the contrary, in World War I, production went up only 25 per cent while prices went up 100 per cent. In this war, prices have gone up 30 per cent according to the Department of Labor and production has gone up 116 per cent. (*Applause.*)

Never in the history of this country have we had such production increases, such terrific increases in production as we've had under price control. Manufacturers now estimate, according to the War Production Board, that of reconversion goods they'll be selling 75 to 300 per cent more by next June than they sold before the war. That's the manufacturers' own estimate.

Retail stores are selling today 93 per cent more volume than they sold before the war. There are less than two million unemployed in the country. Now I'd like to ask a question. How can we have this increased living standard that we want if every time we increase wages, prices follow right along up? (*Applause.*) How can we have that living standard? (*Applause.*)

Senator Wherry: I'd like to answer that question. We can have increased wages—and I want them in this country—when you get full production, and only can you have increased wages with falling prices when you get production. It's my position that, under Chester Bowles, you cannot get the full production that we had in the very figures he cited, prior to 1941, under the free economy system. (*Applause.*) I'll tell you something else. I have gone to all corners of the United States. I sit on the Small Business Committee. I've heard testimony and statements from thousands of merchants, the little corner grocer, the doctor, the candlestick maker. And do you know what they say? They say there are two impediments to reconversion today. One is labor difficulties which we're not discussing tonight and the other is the price controlled program of Mr. Bowles. (*Applause.*)

Now, just a minute. No—now just remember this. When you get

full production up here, when you get full production, you'll get increased wages. When you get the volume, you'll get increased wages and you'll get a falling price, and you haven't had it since 1941. You can't name one industry that's on a maximum production today. Just name one. I'm not talking about war industry. I'm talking about the civilian economy. Now just a minute—just a minute—just a minute—just a minute.

Moderator Denny: All right. (*Laughter.*)

Senator Wherry: Mr. Bowles said that I had opposed—what was it—OPA legislation? (*Laughter.*) I want to say that I voted for the OPA legislation, I voted for the extension of it, and, on the Appropriations Committee, I voted every appropriation Mr. Bowles asked for. Now then. (*Applause.*)

I did vote against an amendment that he offered which I think was absolutely impossible. It was one of these academic things that I think is not realistic. He said he wasn't going to back up from holding this freeze line. He doesn't give any consideration to the other factor of labor, nor the other

factor of production in the economy. He says he's not going to back up from it. Now let me tell you something. I'm not going to back up from getting a free economy to get full production in this country as long as I'm in the United States Senate, and I believe my way will win out. (*Applause.*)

Moderator Denny: We pause briefly for station identification.

Announcer: You are listening to America's Town Meeting brought to you by Town Hall and the American Broadcasting Company. Tonight, OPA Director Chester Bowles, Senator Kenneth Wherry, Congresswoman Chase Going Woodhouse, and Businessman Henry Pope, Jr., are discussing the vital question, "Can We Have Higher Wages Without Higher Prices?" For a complete copy of this discussion, including the question period immediately following, send for the Town Meeting Bulletin. Write to Town Hall, New York 18, New York. Enclose 10 cents to cover the cost of printing and mailing, and be sure to include your zone number. Allow at least two weeks for delivery. Mr. Denny.

QUESTIONS, PLEASE!

Mr. Denny: Now, we're about ready for the questions from this representative Town Hall audience. First let me tell you about the results—Senator Wherry can hardly contain himself there. Yes, I know, I know. I bet Senator Wherry was a football player and he fell on the ball and recovered many a fumble. But I'm not going to fumble, Senator. I've got to go on with this. Then we'll come back to you in a second.

First let me tell you about the results of your votes on last Thursday's topic, because I promised you you'd get these results. Our topic last Thursday night was "Do We Need Universal Military Training Now?" We asked you to express your opinion.

Please understand that this is not a scientific poll, but it does represent the spontaneous response of nearly 3,000 people in 48 states and Canada, who heard both sides of this discussion presented on the program last Thursday night and wrote in to express their opinions. As I understand it, the regular scientific polls include the opinions only of persons over 21, while this vote included a large proportion of high school and college students and teachers.

Here's the vote. Three hundred and twenty-seven people, or 11 per cent, favored universal military training now, while 2,501 or 89

per cent voted against it. (*Applause.*)

Now, your response to our invitation for questions on tonight's topic was extremely encouraging, and, while we can use only a few on tonight's program, I want you to know that many of them were excellent and showed excellent thought. Naturally, many contained the same thought and we've tried to select the most representative of your views. Remember, Town Hall is offering a \$25 Victory Bond for the question which, in the opinion of our committee of judges, is considered best for the purpose of bringing out facts and clarifying discussions. Now, we're going to take your questions in just a second, but we've got one from Senator Wherry for Mr. Bowles, and, Senator, you're not eligible for that \$25 Victory Bond, but I hope your question's good. Come along.

Senator Wherry: He's the greatest salesman on earth. I want to ask him this question. Mr. Bowles, before the Senate's Small Business Committee last week you stated that you could raise wages without raising prices and that industry in your state apparently was satisfied because you stated that less than 2 per cent of all industry in your state had not asked for price relief. I ask you tonight is that statement approximately correct?

Mr. Bowles: That's what I understand. Two per cent of the industry in the state has asked for price relief.

Senator Wherry: That's right. Only 2 per cent asked for price relief. That's what you said last week. I want to call to your attention this dispatch that I got from Bridgeport, Connecticut, today. The Bridgeport Chamber of Commerce has today released a survey by management engineers, and indicates that 64 per cent of Bridgeport's industrial plants are affected by OPA inequities. Unless relief is furnished by February 15, present OPA ceilings will make 8,700 people, or 15 per cent of the population jobless. Were it not for present ceilings, employment would be 3,400 people, or 5.7 per cent. Fifty-eight per cent of all manufacturers are required to sell products at a loss. The general attitude of the industrialists in Bridgeport is "what's the use." Now, is that the situation there, or is the situation what you said it was last week?

Mr. Denny: Step up, Mr. Bowles.

Mr. Bowles: I certainly wouldn't accept the statement that Senator Wherry just read as anything even remotely approximating the truth. (*Applause.*) There are very few cities in the country which have been more prosperous, as far as the manufacturers are concerned, than Bridgeport, Connecticut, during the war. The record of Con-

necticut in moving ahead on re-conversion is probably right up among the very top states in the Union. It's moving ahead very rapidly. It sounds like my friends in the National Manufacturers Association have here a little bit more propaganda. (*Applause.*)

Senator Wherry: Whenever Chester gets to the place where he can't answer, he says somebody tells an untruth. That release is printed in the *United States Chamber of Commerce*, in the *New York Times*, and in all of your New York papers this very afternoon. Now, that's what's printed from the Bridgeport, Connecticut, Chamber of Commerce, and I ask you to write them and see whether it's true or whether it's untrue.

Mr. Bowles: Well, Senator, if you believe everything you read in the newspapers, I can only say you're going to make a lot of mistakes. I read the newspaper coming up tonight, and I'll be very delighted to have it looked into, but I think when it's looked into, you'll find it's a long, long, long way from the facts.

Mr. Denny: All right, thank you. And now, let's get some of the questions from this audience. All right. The gentleman right here on the aisle.

Man: Senator Wherry. A short question and a short answer. (*Laughter.*) As the son of a man who was in charge of production of one of the largest clothing

manufacturing companies in the United States, I know as a fact that there are men's suits selling today for about \$75 to \$80 which sold before the war at between \$35 and \$40, and that that difference represents altogether all profit. Senator Wherry, what is your answer to that? (*Applause.*)

Senator Wherry: I'd like to say to that that out of every dollar of merchandise sold in the United States, 72 per cent of it goes out for labor. (*Cries of "No!"*) Seventy-two per cent of it is labor. The balance of it is material. All right, fine. Now, if you'll just check into it you will find that the whole national income is on that basis. Now, you state that all of it is profit. I ask you this question in answering yours: The suit production in the United States of America is off 70.4 per cent. A Nebraska clothier testified today in Omaha that in his store where they handled 10,000 suits he has less than 400. He states that the veterans that come home—that come in his store—make up 50 per cent of those who want to buy, and that 45 per cent of them go out of the store without a suit of clothes. I say this, that of all the things Chester Bowles has done, the production of low price clothing to be sold to the people of this country approaches, I think, well near a national scandal. That's the way I feel about it. (*Applause.*)

Mr. Denny: Thank you. Well, now we have a number of questions here from out of town. Here's a question from Council Bluffs, Iowa. Mr. Pope, if Big Business could guarantee a living annual wage, would not this render the biggest step toward a balanced economy for all?

Mr. Pope: That's a very interesting subject, but I'm afraid it would take all evening if we started to discuss it. (*Cries of "No!"*)

Mr. Denny: Can't you give us any opinion, yes or no?

Mr. Pope: No.

Mr. Denny: No 'yes or no' on that question. Nevertheless it is a good question. Here's one for Mr. Bowles. Mr. Bowles, will you step up, please. Another question from Iowa—Des Moines, Iowa. Can you suggest ways in which small business can survive if wages are raised but prices are not?

Mr. Bowles: The problem of small business isn't too different from the problem of big business. They both have to compete in a competitive economic system. They will have to compete after war, they've always had to compete. Small business has many ways in which it can be more efficient than large business. On the other hand, it suffers certain disadvantages. I don't think that question is particularly pertinent to that discussion. OPA has made many concessions and installed some very flexible pricing to help small business

over this hurdle of reconversion. Some 85 per cent of all the firms that are reconverting—numbering the firms under \$200,000—do not even have to come into the OPA office to get their price. They get it automatically. (*Applause.*)

Mr. Denny: Thank you, Mr. Bowles. Congresswoman Woodhouse, Mr. L. G. Snow of Petaluma, California, wants to know if all wages are raised in this country, how can our manufacturers compete with goods produced in countries where wages are so much lower?

Mrs. Woodhouse: We don't export goods on the basis of wages paid but on the basis of price. If we raise wages without raising prices, we will, of course, continue our exports at the same advantageous levels that we have today.

Mr. Denny: Mr. Pope, I've got a question I think you have a comment on. This refers to an article by Peter Drucker in the recent *Saturday Evening Post*, on where do wages come from? Is it true that if we distributed all business profits to labor, wages would be increased by less than four per cent? That comes from New Orleans, Louisiana.

Mr. Pope: According to the latest figures, four per cent would be on the high side.

Mr. Denny: Thank you. Mr. Bowles, please.

Mr. Bowles: I beg your pardon. Profits last year were 24 billion

dollars. Those are the established profit figures before taxes and certainly 24 billion dollars is a lot more than four per cent of our national income. (*Applause.*)

Mr. Denny: Thank you. The lady right here.

Lady: My question is for Mr. Pope. If, as you say, 45 per cent of the corporations did not pay an excess profit tax, what percentage of capital does that represent?

Mr. Denny: Mr. Pope?

Mr. Pope: She said 45. It was 85 per cent of the corporations did not pay an excess profit tax. There are no figures on that (*cries*) but, in trying to check up on that question, I find that the big corporations of this country — all corporations employing over 2,000—employ less than 10 per cent of the people. Those are the United States Department figures.

Mr. Denny: Thank you, Mr. Pope. Now here's a question for Mr. Bowles from a student in the New London, Connecticut, High School. Mr. Bowles, why don't we keep wages at their present level and why don't you lower prices? (*Applause.*)

Mr. Bowles: Well, the answer to that is that I'm not in the wage business. Wages is not my field. My field is prices and we'll do all we can to keep prices and rent down. That's our job. (*Applause.*)

Mr. Denny: Here's one from Darlington, Harford County, Maryland. Won't it be necessary

to increase agricultural prices in order to bring about a balance between farm income and industrial wages?

Mr. Bowles: The way to increase farm prices is to raise the purchasing power of the people who live in our cities. During the war, the greatest purchasing power we've ever had—thanks to the huge production that we've had under price control—developed purchasing power that made our farmers far better off than they were before the war. Every farmer in this country has a huge stake in increased purchasing power for all of our people.

Mr. Denny: Thank you. Senator Wherry has a comment.

Senator Wherry: I'd like to add this to that because I do come from a farming country—eighty per cent of the people of Nebraska are farmers. I want to tell you that the way to increase farm prices, if you are going to do it and really be realistic about it as you are with industrial prices, is to see to it that the same margin of profit that's paid industry is paid the farmer—the man on the farm that labors as well as the man who operates it. I put an amendment in, down in the United States Senate, to do that very thing for the farmers on a cost-plus basis that we had guaranteed to industry. Mr. Bowles not only opposed it—it carried in the Senate—but Mr. Bowles brought all the pressure in

the world, in the House, to defeat that amendment which would have given the farmers an equal break with industry throughout this country.

Mr. Denny: Thank you. Mr. Bowles has something to say on that.

Mr. Bowles: Let me add that also every major farm leader I know in the country also opposed Senator Wherry's amendment. *(Applause.)*

Senator Wherry: Just a minute. Every major farm leader includes one man by the name of Patton that operates the Farmer's Union who believes in this price control program. I'm telling you that I can bring you thousands and thousands of letters of dirt farmers who say that that's the first constructive step that's ever been done, to see that the farmers get equitable prices with industry in the cities.

Mr. Denny: Senator Bowles—I mean Mr. Bowles? *(Laughter.)*

Mr. Bowles: Mr. O'Neil, the head of the Farm Bureau, the biggest farm organization in the country, Mr. Goss of the Grange and Mr. John Davis of the Co-operative Association also opposed the amendment.

Senator Wherry: I'd like to say in refutation that while it's true that Mr. O'Neil—he really took a neutral position; he let the state organization *(shouts)*—All right, just a minute now, just a minute. He let the state organizations do

as they pleased about it and I've got a letter in my file from more state chairmen of the Farm Bureau for my amendment than opposed my amendment.

Mr. Denny: All right. Gentlemen right here. Thank you, Senator.

Man: Addressing my question to Mrs. Woodhouse. Being thoroughly familiar with examples exhibited by Senator Wherry tonight, I will ask you to be good enough to explain how the depreciation of 100 per cent in quality and increase of 200 per cent in the price of the merchandise can be explained by you. (*Applause.*)

Mrs. Woodhouse: I think it is explained by the fact that we've had no possible way of regulating quality as well as prices. I won't have time to go into it tonight, but this summer in England I was very much impressed with their so-called utility clothing program. Their price-control group had authorization to regulate quality as well as prices and the results were infinitely better than ours. (*Applause.*)

Mr. Pope: I just want to give you the testimony before the Senate Committee yesterday. The department stores of this country handle 100,000 items. The substitution articles that this man mentioned down here exceed 75 per cent of their total sales. In a variety store, they handle ten thousand items. Sixty-five per cent of

the items handled in a variety store are substitution articles. Now that's the way Chester Bowles has held the line by a freeze-the-price order where legitimate manufacturers couldn't get production. (*Applause.*)

Mr. Denny: All right. Thank you. I'm sorry but this is the fastest-moving hour we've had in a long time. Now while Senator Wherry and Mr. Bowles prepare their summaries for this evening's discussion, here's Fred Cole to tell you about next week's discussion.

Mr. Cole: The fires of revolt are burning among the colonial peoples in Java. India has been promised her independence by the British Empire. The United Nations Organization has proposed a system of trusteeship for colonial peoples. Are colonial peoples ready for self-government?

Next week your Town Meeting topic will be, "Should Colonial Empires Be Liquidated?" Norman Thomas, Socialist leader, and J. J. Singh, president of the India League of America, say "Yes." Sir Norman Angell, author and Nobel prize winner, and Martia de la Fourniere, Assistant Colonial administrator for the French colonies, say "No." What do you think?

Two weeks from tonight, on December 27, America's Town Meeting will originate in the General Electric Studios in Schenectady, New York. On that occasion, you

will all hear, and those with television sets will see, a lively discussion on a kindred subject. "What Should Be Our Policy in China?" Speakers will be Donald Nelson, economic advisor to the Chinese Government, and Congressman Walter Judd from Minnesota, one time medical missionary to China, and foreign correspondents Vincent Sheehan and Theodore White.

Make your plans now to hear both of these programs. Now let's turn back to tonight's question, "Can We Have Higher Wages Without Higher Prices?" Here are the summaries of our speakers and the decisions of our judges for the winner of the twenty-five dollar Victory Bond. Mr. Denny.

Mr. Denny: Thank you, Fred Cole. Now, Senator Wherry, may we have your summary for the negative, please?

Senator Wherry: I want to thank the audience present and the audience over the air for their interest and their attention. I'd like to say in conclusion that we want to cooperate just as much as we possibly can, all Americans together, both management and labor and consumers, to get back to a peacetime economy. But I really feel that prices are not created in a vacuum. Neither can they be created by OPA economists. All factors, including wages and production, must be considered together. Price is interrelated to the law of supply and demand and

acts as a regulator of production and consumption.

We can have higher wages without higher prices when we get full production. It just doesn't make sense to tell the American people that without controlling wages you can hold an imaginary 1942 price line.

The abuse of power has in reality, I think, made the Price Administrator a licensor for all business. I've had thousands of returning veterans write me and tell me and testify that the Administrator can say who and when and where a man can go and stay in business. That's not the American way. That is not the thing that made America great, and it's not the economy we want in the United States from here on out. (*Applause.*)

Mr. Denny: Thank you, Senator Wherry. Now, Mr. Bowles, may we hear from you, please?

Mr. Bowles: Everybody knows that a job the size of price control which has never even been tried in this country on a large scale, not even during a major war, cannot be done wholly painlessly. Of course, there are some inequities. Of course, there's some pain to it. Of course, there's some hardship.

But look at the alternative. Without price control where would your rents go today? Where would the price of food go? Where would the prices of ap-

parel go? Where would the prices of automobiles and all other things you're looking forward to, go? They'd go through the roof, and I think any sensible person knows that.

Everybody has a stake in the success of that program—veterans, farmers, laborers, management, everybody. Everybody has a stake, too, in a future prosperity and terrific purchasing power that this country can develop. Everyone has a stake in higher wages, constantly increasing wages, to buy the goods that our factories can put out. (*Applause.*)

Mr. Denny: Thank you, very much, Mr. Bowles, Mrs. Woodhouse, Senator Wherry, and Mr.

Pope. Now before we present the \$25 Victory Bond for this week's question, let me remind you that you can send your questions for next week's program. Mail them so that they must reach us not later than noon, Wednesday before the broadcast.

Address your questions to Town Hall, New York 18, New York. Remember, limit your questions to 25 words. Neatness and clarity of phrasing are important.

Now, here's the vote of our judges who award the \$25 Victory Bond for the best question asked on tonight's program to Mr. Theodore G. Lerman, Jr., of Harford County, Maryland. Congratulations, Mr. Lerman. (*Applause.*)

CORRECTION: In Town Meeting Bulletin, November 15, 1945, the wrong biographical information was given concerning Mr. Hamilton Holt. We apologize to Mr. Hamilton Holt of Florida and also to Mr. Hamilton Holt of Macon, Georgia.

The following notes were sent to us by Kiwanis International:

A nationally known marble and granite manufacturer, Hamilton Holt, of Macon, Ga., was elected president of Kiwanis International in 1945. He also is president of the Associated Industries of Georgia.

Mr. Holt, who is a member of the State Constitution Committee, the Governor's War Cabinet, chairman of the State Recreation Committee and speaker for the National Manufacturers' Association, long has been active in business circles throughout the south.

A trustee of Mercer University, he has received the Algernon Sidney Sullivan Citizenship award for outstanding service and is an honorary member of the Blue Key National Honor Fraternity.

Although Mr. Holt has been prominent in Kiwanis administration for 14 years—serving as president of the Macon club, governor of the Georgia District, trustee, treasurer and vice president of Kiwanis International—he has not neglected his civic duties in Macon.

There he is chairman of the Defense Recreation Center, former director of the Chamber of Commerce, past chairman of the Bibb County Chapter of the Red Cross.

His business firms are the Clark Memorials and Georgia Outdoor Advertising Company, both of Macon, and the Oglethorpe Granite Quarrying Corporation of Elberton, Georgia.